

## Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-10 ISO-00 EA-11 SPC-03 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01

CEA-02 L-03 H-03 PRS-01 CIAE-00 INR-10 NSAE-00 INT-08

XMB-07 SCEM-02 DRC-01 /155 W  
----- 014890

R 161000Z SEP 73

FM USINT BAGHDAD

TO SECSTATE WASHDC 532

USDOC WASHDC

INFO AMEMBASSY ANKARA

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY KUWAIT

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY TEHRAN

C O N F I D E N T I A L BAGHDAD 493

BEIRUT FOR RDTO

E.O. 11652: GDS

TAGS: BEXP, ENRG, IZ

SUBJECT: STRATEGIC PIPELINE CONTRACT

1. CHAIRMAN OF BOARD HOWARD PRICE AND EXECUTIVE VP LARRY BUMP OF H.C. PRICE CO. SPENT FIRST TEN DAYS OF SEPT IN BAGHDAD ENGAGED IN INTENSIVE NEGOTIATIONS WITH STATE CONTRACTING COMPANY FOR OIL OPERATIONS (SCCOP) OVER DRAFT CONTRACT FOR 300 MILLION DOLLAR "STRATEGIC" NORTH-SOUTH PIPELINE. PRICE'S PARTNERS ARE MANNESMAN AND SPIE-BATIGNOLLES (1/3 EACH) AND ALL WERE REPRESENTED ON NEGOTIATING TEAM. PRICE BELIEVES ITS MAJOR COMPETITOR IS BECHTEL ENTREPOSE-WILLIAMS BROS. GROUP, BUT THERE IS ALSO ACTIVE ITALIAN BIDDER, PRESUMABLY ENI GROUP SINCE SN PROGETTI DID ENGINEERING STUDY. PRICE IS ENCOURAGED BY FACT IRAQI NEGOTIATERS ARE  
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ASKING FOR SPECIFICS SUCH AS RADIO FREQUENCIES THEY WILL USE.

ONE IRAQI ALSO REMARKED THAT SCCOP HAS BEGUN TO PREPARE DOCUMENTATION REQUIRED BY EXIMBANK. TENDERS FOR THIS PROJECT DIVDED INTO CONSTRUCTION, PIPE, AND PUMPS AND SOME PARTIES HAVE BID ONLY ON ONE TENDER. JAPANESE AMB SAID THEY ARE INTERESTED IN SUPPLYING PIPE. CONTRACT NOT EXPECTED TO BE AWARDED BEFORE END OF SEPT.

2. SCCOP NEGOTIATORS FOR THIS DEEP SEA TERMINAL CONTRACT ARE LITERALLY LOCKED UP IN BAGHDAD PALACE, USED FOR VISITING DIGNITARIES, UNTIL CONTRACTS AWARDED. PRICE BELIEVES RCC VP SADDAM HUSSEIN, WHO IS CHAIRMAN OF SPECIAL COMMITTEE FOR THIS PROJECT, IS CLOSELY MONITORING NEGOTIATIONS FROM BEHIND SCENES (AS HE DID IN FINAL STAGES IPC SETTLEMENT).

3. PRICE REPS COMPLAINED TO ME THAT U.S. STEEL COMPANIES HAVE SHOWN LITTLE ENTHUSIASM FOR EXPORT MARKET. FOR EXAMPLE, THEY HAVE BEEN UNABLE EVEN TO OBTAIN PRICE QUOTATIONS FOR PIPE FROM US STEEL AND THEY CLAIM THAT BETHLEHEM AND REPUBLIC EVEN SLOWER. GERMAN AND JAPANESE PIPE SALESMEN, ON OTHER HAND, ARE KNOCKING ON THEIR DOOR. VALUE OF PIPE FOR THIS PROJECT ABOUT 75 MILLION DOLLARS AND PRICE BELIEVES U.S. STEEL COMPANIES COULD OFFER MOST COMPETITIVE PRICES IF THEY SHOWED INCENTIVE TO EXPORT.

4. COMMENT: USINT CANNOT OF COURSE EVALUATED VALIDITY THIS COMPLAINT, BUT SIZE OF POTENTIAL EXPORT ORDER AND LIKLIHOOD THAT GOOD U.S. PRICE FOR PIPE WOULD IMPROVE POSITION OF AMERICAN CONTRACTORS SEEM TO JUSTIFY QUERY BY USDOC TO US STEEL TO DETERMINE WHY IT HAS EVINCED SUCH LITTLE INTEREST IN EXPORT MARKET HERE.

LOWRIE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM, PRICES, PROPOSALS (BID), PETROLEUM PIPELINES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 16 SEP 1973  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1973BAGHDA00493  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS LOWRIE  
**Errors:** N/A  
**Film Number:** n/a  
**From:** BAGHDAD  
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**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
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**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
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**Review Authority:** golinofr  
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**Review Content Flags:**  
**Review Date:** 05 DEC 2001  
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**Review Transfer Date:**  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** STRATEGIC PIPELINE CONTRACT  
**TAGS:** BEXP, ENRG, IZ, US  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005